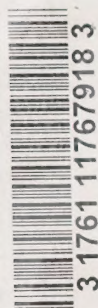


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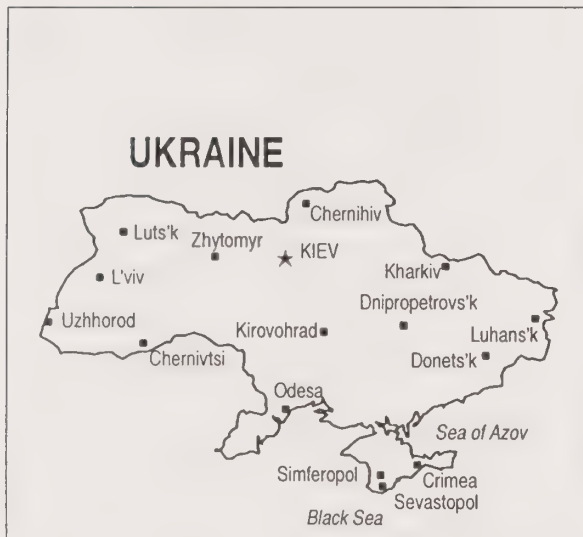
GEOGRAPHY

Ukraine is located in Eastern Europe, bordering the Black Sea, between Poland and Russia. The total area of the Ukraine is 603,700 km². The country is optimally located at the cross-roads of traditional trade routes, providing easy access to a market with a population of 250 million people in the Commonwealth of Independent States. Administratively, Ukraine is divided into 24 oblasti, one autonomous republic (Krym), and two municipalities (Kiev and Sevastopol).

Approximately 5 percent of the world's total mineral resources are found in the Ukraine,

including huge reserves of high-quality coal in the Donets'k Basin and rich iron-ore deposits at Kryvy Rih.

Environmental concerns include: air pollution from industrial emissions; soil contamination from heavy metals and industrial waste; water pollution; and deforestation. The Chernobyl Nuclear Power Plant disaster created long-term consequences for the northeast part of the Ukraine.



DEMOGRAPHICS

The population of Ukraine reached 51.9 million in 1995, with a density of 86 inhabitants per km². Twenty-one percent of the population is under 14 years old; 65 percent is between 15-64 years; and 14 percent is older than 65 years. Close to 68 percent live in the urban areas; Kiev, the capital of Ukraine, has a population of 2.6 million.

The population growth rate was 0.04 percent in 1995. The birth rate was 12.31 births per 1,000 population, while the death rate was 12.67 deaths per 1,000 population. The net migration rate was 0.71 migrants per 1,000 population. Demographic indicators are presented in Table 1.

The nationality is Ukrainian. The population is ethnically diverse and includes Ukrainians (72 percent) and Russians (22 percent). Other significant ethnic groups include Belorussian, Moldovian, Bulgarian, and Polish. The Christian Orthodox religion is dominant.

**Table 1:
Demographic Indicators**

Population (million)	51.9
Population Density (per km ²)	86
Population by Age	
0-14	21%
15-64	65%
65+	14%
Literacy Rate	98%
Population Growth	0.04%
Urban Population (% of total)	68
Human Development Index (ranking out of 174 countries, 1992)	54
Cities with over 1 million inhabitants	Kiev, 2.6 million Kharkiv, 1.6 million Dnipropetrovsk, 1.2 million Donets'k, 1.1 million
Growth Rate of Largest City (% 1990-95)	Kiev, 1.3

Sources: EBRD, 1996; EIU, 1995; UNDP, 1995, WB, 1996

ECONOMIC OVERVIEW

Since its independence in 1991, Ukraine has initiated the economic and political transition to a free market economy. Initially, the Ukrainian government liberalized most prices and developed a legal framework for privatization and economic restructuring. However, the widespread resistance to reform within the government and the legislature soon stalled the reform efforts. Hyper-inflation, the high deficit, and the massive decline in industrial output were the overriding economic problems up to 1994. These were further aggravated by the lack of political stability and strong leadership.

The restructuring process accelerated after the 1994 election. An anti-crisis package of reforms introduced by the Ukrainian government and supported by an International Monetary Fund (IMF) Systemic Transformation Facility allowed the country to curb monthly inflation to 3-4 percent. At the same time, the budget deficit was reduced to 4.1 percent of GDP in 1995 from 8.6 percent in 1994. These factors allowed Ukraine to carry out a comprehensive currency reform that included the introduction of a new currency unit the hryvnya in September 1996.

The stabilization of the economy, and the promotion of sustainable economic growth are still major tasks ahead.

Economic reforms have created a dynamic private sector accounting for 35 percent of GDP in 1995, while GDP per capita was \$1,989. This is considerably lower than the 1994 levels. While unemployment is less than 1 percent, the number of registered unemployed is expected to increase rapidly, due to the massive restructuring and privatization of state enterprises.

Slow economic progress, political instability and high inflation have had negative impacts for foreign investment (US\$574 million at the end of 1995). To speed up the process, the Ukrainian government announced a new program in February 1997 to attract US\$3.7 billion in foreign direct investment with the emphasis placed on the privatization of state enterprises. Reportedly, the share of the state in privatized enterprises will not

exceed 26 percent and the tax burden will be reduced. Key economic indicators and projections are illustrated in Table 2.

Table 2:
Key Economic Indicators and Projections

	1994	1995	1996 (est.)
Real GDP (% growth)	-23	-12	-2
GDP per capita (US\$ at Purchasing Power Parity [PPP])	3,110	1,989	N/A
Average Gross Monthly Wages (US\$)	N/A	44.5	N/A
Private Sector Share of GDP	30.0	35.0	40.0
Unemployment Rate (%)	0.4	0.6	2.0
Inflation Rate (%)	401.0	180.0	91.0
Trade Balance (US\$ billion)	-2.127	-2.133	N/A
Foreign Direct Investment (US\$ million)	91	574	1,400 (1996-2000)

Sources: EIU, 1996b, 1995; ECE, 1996; WB, 1996

The industrial sector has a diverse structure, accounting for 40 percent of the country's GDP and one quarter of the total employment. A large share of the industrial output comes from the manufacturing, chemical, and textile industries, particularly the Ukrainian aerospace and defence sectors which include more than 500 military enterprises and research institutes. Agriculture, with a long tradition in Ukraine, has also maintained its significance, especially in the production and export of sugar, sunflower oil, and dairy products.

World Bank Economic Assessment

Ukraine's economic conditions, already difficult at the time of independence, worsened dramatically until mid-1994. The break-up of the Soviet Union implied a huge trade loss for Ukraine, as it faced large price increases for its energy imports. The value of imports of energy products rose from around 10 percent of total imports to 44 percent of

total imports in 1994. This import shock complicated the already difficult task of transition. Inflation, which had reached unprecedented levels in the past few years was at a peak of 4,500 percent in 1993—the highest for a country not at war.

In October 1994, with the parliament's backing, Ukraine began to lay the foundations for macro-economic stabilization and structural reforms, supported by the World Bank and the International Monetary Fund's (IMF) Systemic Transformation Facility. Under the government's program, fiscal policy has been tightened to prevent the cash deficit from exceeding 3.5 percent of GDP. Monetary policy has also been tighter in order to reduce inflation and to increase foreign reserves by about US\$600 million.

On the structural reform front, the government took several bold actions to liberalize domestic prices, and foreign exchange and trade regimes. It lifted most price controls, unified the exchange rate, eliminated most export quotas, reduced subsidies on bread and on public utilities sharply, and adjusted imported energy prices to full cost recovery levels.

The pace of privatization, which had been slow until 1995, has been accelerated since. To facilitate privatization, the government has simplified procedures for mass privatization, launched an extensive public information campaign, and initiated the distribution of paper certificates. Financial sector reform, which is critical to enforcing financial discipline and efficient credit allocation, is also being initiated.

The initial results of reforms are very encouraging. Inflation has fallen sharply, from monthly rates of nearly 20 percent in early 1995 to less than 3 percent in April 1996. The impact of trade liberalization on export performance has started to be felt with the nearly 20 percent rise in the volume of exports to Western markets in 1995, which more than offset the fall in trade with other republics of the former Soviet Union. However,

overall economic activity is still declining, although at a slower rate. After falling by more than 23 percent in 1994, real GDP dropped 12 percent in 1995 and 10 percent (on an annual basis) in the first quarter of 1996. Again, the data does not account for the expansion of the informal sector, which is estimated at 40 percent of the overall economy.

The government is committed to an ambitious program of mass privatization of medium- and large-scale enterprises and now plans to have a cumulative total of 5,000 enterprises privatized with 70 percent private shareholding by early 1997. In addition, the government took pioneering action during 1995 to create an adequate legal and institutional structure for capital markets operation and supervision with the creation of a securities and stock market commission. Banking sector reforms were also undertaken. In order to encourage the growth of commercial banks, the former state banks were corporatized and partially privatized, and the tax burden on banks was reduced to 30 percent of profits, the same as for enterprises. Also bank accounting systems are being modernized.

Since Ukraine joined the World Bank in September 1992, the Bank has been helping to facilitate the country's transition to a market-based economy. The government's stabilization program has been supported by the Bank through lending, policy dialogue, and assistance in resource mobilization and aid coordination. Bank lending is designed to help expand the role of the private sector by fostering privatization, establishing a prosperous business environment, developing the financial sector, and mobilizing resources for the private sector.

Since that time, the World Bank's program in Ukraine has been steadily expanded. In March 1996, the Bank approved a US\$17 million loan for a housing project that will help develop the housing market and meet the population's housing needs.

POLITICAL OVERVIEW

A number of key policies mark recent developments in Ukraine's reform process including: fiscal discipline, the commitment to privatization, economic restructuring, the reorientation of trade towards Western partners, and the encouragement of foreign investment.

Ukraine is a parliamentary democracy under the new constitution adopted in 1996. The Communist Party holds the majority (91 seats) in Parliament, followed by the Socialist Party, the Reform Group and the Independent Party, with 35 seats each.

Ukraine's president has managed to maintain a delicate balance between the nationalist western regions and the pro-Russia east, while enhancing the image of the country.

Canada has consistently supported Ukraine's integration into the international community in discussions with the G-7, the North Atlantic Treaty Organization (NATO), and international financial institutions such as the World Bank and the European Bank for Reconstruction and Development (EBRD).

TRADE POLICY

The liberalization of trade has been a major part of the reform process. However, the loss of Soviet markets, coupled with an imbalanced restructuring, have affected the overall trade balance. While the European Union (especially Germany and Britain) is Ukraine's largest trading partner, trade volumes with Poland and Russia are also significant.

Ukraine is pursuing foreign trade policies consistent with market reforms and liberalization. It has ratified a number of agreements including: a trade association agreement with the EU; a double taxation agreement and a foreign protection agreement with Canada; and an Economic Cooperation and Trade Agreement.

Canadian exports to Ukraine reached \$46.7 million in 1995 while imports to Canada

totalled \$17.2 million. There is a desperate and growing shortage of housing and commercial space in Ukraine. In addition, existing buildings show signs of abuse and neglect under the previous regime.

The Canadian Export Development Corporation is providing a line of credit of \$20 million for capital and quasi-capital goods and services.

A trade mission in October 1996 resulted in the signing of deals for \$600 million between Canadian and Ukrainian partners. An Intergovernmental Economic Commission was established to facilitate and support business and trade co-operation, between the two countries.

HOUSING CONDITIONS

Since Ukraine's independence, the housing sector has undergone a significant transformation marked by privatization and the reduced government role in the production and allocation of housing. Although the quality varies tremendously, particularly between urban and rural areas, the housing stock is inadequate to meet the needs of Ukrainian households. Experts estimate that 13 percent of households share a dwelling or live in dormitories. Housing shortages are reflected in the growing number of households on the waiting list which has reached 2.4 million. Kiev's need reached 222,258 housing units.

Recent policy reforms have changed the existing tenure structure. At the national level the proportion of owner-occupied units in 1992 was close to 55 percent. Local governments owned 33 percent of urban housing (over 80 percent in Kiev), while cooperatives and enterprises had another 33 percent. The ongoing privatization of public housing increased the share of privately owned urban stock to 44 percent in 1994.

Housing consumption is low by European standards with an average floor space per person of 17 m². Density indicators highlight another dimension of housing problems. The size of dwellings and number of rooms in the urban areas are inadequate compared to the average household size. A disproportionately high number of households live in one and two-room flats with the average unit size between 47-58 m². Table 3 shows housing conditions by tenure type in 1992.

The distribution of the housing stock by age and type is diverse, although more than 54 percent of the housing stock was built after 1960. A large proportion of the stock in larger urban centres is uniform, consisting of mass-produced highrise apartment buildings, particularly prefabricated 9-12 storey buildings with 18-32 apartments. Private sector housing is approximately 18 million units, including 10 million in apartment buildings and 8 million in single-family homes.

Dachas (temporary residences) are very popular, accounting for 22 percent of the single-family housing. Under communism, households

channelled a large share of their savings into the construction of dachas.

Table 3:
Housing Conditions by Tenure Type, 1992

Indicators	Urban	Rural
Tenure Type (% of the housing stock) 1992		
Public rental*	34.0	7.0
Owner-occupied*	33.0	90.0
Co-ops and State Enterprises	33.0	3.0
Average floor space per person (m ²)	17.0	21.0
Average size of dwelling (m ²)	47.0	58.0
Number of rooms on average	2.1	2.3
1-2 room housing (% of the stock)	68.0	N/A

Source: Durmanov, 1996

The poor quality of housing is still a major problem in Ukraine. More than 30 percent of the housing stock needs renovation and upgrading while the share of substandard urban housing is over 5 percent. Some estimates suggest that 420 million m² of state-owned housing requires repair work at a cost of US\$10 billion. So far, due to chronic shortages of funding, the government has delayed maintenance and is not considering a comprehensive program of housing rehabilitation. Table 4 shows housing quality characteristics.

Table 4:
Housing Quality Characteristics

Indicator	Percentage of Housing Stock*
Piped Water	89.0
Sewerage	87.0
Bath or Shower	82.0
Running Hot Water	70.0
Substandard Housing	5.1
Vacant Housing	0.5

* The data refers to 1988.
Source: Charlim, 1996

Water supply and sewerage systems are generally better developed in urban areas. Traditionally, cities have attracted a larger share of state investment in infrastructure and services. The lower levels of infrastructure provision in rural

areas have led to a much lower quality of rural owner-occupied housing. For example, over 60 percent of the rural housing does not have a sewage system and running hot water.

Overview

Since 1992 there have been considerable efforts to restructure housing policy. Reforms have been largely driven by the changing political, economic and social conditions, and include a series of ad hoc measures. The Ukrainian government has focussed its efforts on the privatization of state and enterprise-owned housing, measures to improve the existing housing stock, and alternative funding for the completion of unfinished units. Subsequent legal reforms have clarified property rights and established a framework for the operation of land and property markets. The increasing government deficit has affected the amount of housing subsidies, which in turn, has contributed to the decline in housing input and decreased capital investment in the sector.

Relevant Regulatory Systems

Housing privatization was one of the earlier reforms carried out by the Ukrainian government. Even under communist rule, Ukraine had a sizeable number of homeowners. In 1992 about 90 percent of the rural stock and 34 percent of the urban stock was in private ownership. According to the Housing Privatization Law adopted in 1993, local government and enterprise housing is subject to privatization. The law entitles each Ukrainian citizen to receive 21 m² of dwelling space free of charge, while each family is entitled to an additional 10 m². A nominal payment exists for extra space and compensation is provided for smaller apartments. So far, most of the units have been transferred free of charge. Despite these economic incentives, less than 30 percent of the eligible housing had been privatized by the end of 1995, amounting to 2.4 million apartments. Households are no doubt concerned about the rising maintenance and renovation costs, particularly in the older units. Privatization is expected to accelerate with the further development of property markets.

A number of new regulations, laws and guidelines in Ukraine provide the legal framework for the housing sector. The former Soviet legislation has gradually been replaced, addressing the most

important issues, such as property rights, the privatization of dwellings and land, property tax, physical planning and construction.

The Constitution of Ukraine defines and guarantees property rights, while the previous restrictions on ownership and trade of properties have been abolished. The Law on Local Government and Administration emphasizes the decentralization of public services, and although municipalities have acquired additional responsibilities, they are still dependent on central government transfers. Municipal authorities approve urban planning documents, lease and sell municipally-owned assets, and manage the urban development process.

The provision and maintenance of technical infrastructure, building permits and zoning regulations are stipulated in the new Building Code. Building norms and urban design guidelines were approved after independence. In addition, a major effort has been made to develop unified European Union (EU) standards, particularly in areas such as construction and fire safety, energy efficiency, and quality guarantees, reflected in the Decree on Standardization and Certification.

The basic legislation regulating involvement in the construction sector is the Ukrainian Law on Investment Activities. According to Section 8, investors are required to obtain a licence in order to carry out construction activities (e.g., the construction of buildings, infrastructure, installations, civil engineering services, and so on). A licence is issued 30 days after filing an application and costs US\$50.

The Law on Privatization of State-owned Housing stipulates that local governments and enterprises are obliged to finance part of the initial repair costs after privatization. However, due to the shortage of funds, the government has been reluctant to make any substantial commitments. Housing scheduled for renovation can be privatized after the work is completed. The Law also provides a basis for homeowners to form associations for management and maintenance. In addition, the government is drafting a Condominium Law which defines the functions of

those associations, the rights and responsibilities of homeowners, and regulations for common repair and maintenance expenditure.

Housing as a National Priority

Housing subsidies cover investment in municipal housing, municipal overdue loans, and cost differences in public rental housing. In order to offset maintenance costs and responsibilities, the Ukrainian government is committed to achieving a 60 percent cost recovery for housing and communal services, as part of the economic program negotiated with the IMF. Individual local governments can set higher cost recovery levels.

Although housing allowances exist, there is no information available on the operation of the system. One out of six families in L'viv likely received subsidies to cover their rent in 1995. Off-budget subsidies exist in the sale of state and enterprise-owned housing. However, there is no data available to assess the amount of off-budget subsidies involved.

Key Housing Market Institutions

The State Committee of Town Planning and Architecture is actively involved in coordinating building activities, planning major construction projects, and defining housing and construction policies. The State Committee on Housing and Municipal Economy is developing the legal and financial framework for housing and urban reforms. The Ukrainian State Company for Credits and Investments, established to promote foreign investment in the economy and to consult enterprises on financial policy, works closely with the Ministry of Finance in exploring alternatives for the privatization of state-owned construction enterprises.

Other housing institutions include municipal maintenance companies (Zhecks) that manage half of the urban housing stock, state construction companies, and producers of building materials, which are still the main participants in the production of housing. Housing financing is a monopoly of the state savings bank. Ukraine has 300 public research and design institutes with over 88,000 employees (a third of those centres are located in Kiev). A recently established Real Estate Society represents 60 Kiev-based agencies,

as well as another 20 operating in the larger urban centres.

State of the Local Housing Market

A massive decline in housing output was the initial effect of the state's lesser involvement in provision of housing. Although private investment increased from 23 to 27 percent between 1990 and 1994, it was not sufficient to offset the reduction in government and enterprise spending. Due to budget deficits, state construction projects have been reduced. Housing investment was only 1.5 percent of GDP in both 1990 and 1991, and increased slightly to 3 percent in 1994. Since independence, the volume of residential construction has remained relatively stable in the range of 62-70 percent of the total construction investment.

The production of new housing decreased dramatically from 7 units per 1,000 in the 1980s to 4 units per 1,000 in 1993. At the peak of new housing production in the 1970s and 1980s, 18-19 million m² were built annually. By comparison in the mid-1990s, housing completions had fallen to an extremely low level of 6 million m² (or 235,000 units).

Housing output by state and local government has decreased by 24 percent, while private development has maintained a steady output level. Government statistics suggest a deeper crisis in new housing production. Reportedly, due to the lack of investment, public output declined further by 28 percent in 1995. Private sector activity is also considerably affected by the recession, sharply rising prices, inflation and falling real incomes. A large number of unfinished dwellings are a major problem both for private and public developers. Local governments are developing pilot projects for the completion of buildings using input from housing cooperatives or contracting the work to small builders.

The situation in the capital city is a reflection of the changes at the national level. In 1995, 404,000 m² of housing was constructed in Kiev, of which the public sector output was 260,157 m². The city administration sold 56,925 m² or 910 apartments, at a price of US\$220 per m², which was reinvested in new housing construction. Table 5 shows new housing units by type of developer.

Table 5:
New Housing Units by Type of Developer

		1990 Number of Units (000s)	1991 Number of Units (000s)	1992 Number of Units (000s)
Private Sector	Cooperatives	38	41	38
	Private persons	59	40	51
	Total	97	81	89
Public Sector	State and local government	192	143	146
Total		289	224	235

Source: United Nations, 1996

According to the Land Code, Ukrainian citizens can own land for residential purposes in three ways: private property of 2,500 m² in the rural areas and 1,000 m² in the urban areas; lease for 50 years; and permanent or temporary lease for single-family housing. The size of the lots as specified in the new Ukrainian Building Code for single-family housing is 200-800 m² in smaller towns and 1,000-1,500 m² in rural areas. Semi-detached and townhouses can be built on 150-300 m² lots. In the case of higher density housing development, 23.3-30.1 m² are allowed per inhabitant.

Land costs vary widely according to the size of the city and location. Land prices for single-family housing increased substantially between 1994-95. Serviced land is four times more expensive when compared to undeveloped land with planning permission for residential construction. Local

governments and the state still own most of the land which limits the supply and is a barrier for efficient operation of land markets. In addition, jurisdictional and titling problems are driving land prices upwards.

Since the elimination of subsidies, production costs have been driven up by increasing energy and materials prices. Building materials amount to 56 percent of general construction costs. In 1995, local prices for cement, oil-based paint, bricks, and other building products more than doubled. As a result, construction costs are difficult to forecast, and estimates do not remain valid for long due to inflation and the uncertainty about the availability and cost of building materials. Costs in 1995 were \$200-250 per m² nationally. Table 6 provides statistics on land, construction costs and size of new units.

Table 6:
Land, Construction Costs* and Size of New Units

	Land Cost at auctions**	Land Cost	Construction Cost	New Unit Size
1994	4-11	4-13	150-180	62.0
1995	17	13-46	200-250	N/A
1996	35	21-47	N/A	N/A

* Prices are given in US\$ per m².

** Land prices of publicly owned land at auctions in Kiev, L'viv and Kharkiv organized by city councils.

Sources: Durmanov, 1996; United Nations, 1995

MATERIALS, LABOUR AND FINANCING

Overview

The privatization of the building industry has been very slow. State enterprises have been transformed into shareholding companies. In some cases, the shares have been transferred at no cost to workers, while in others, the shares remain state-owned or have been sold through auction. Another option for privatization has been employee buyout.

By the end of 1993, 1.3 million people were employed in the sector. Available data indicates that the construction industry is still dominated by large-scale construction enterprises with more than 200 employees. However, a number of new private firms have emerged in the last four years, mainly concentrated in the Eastern and Central part of Ukraine. Statistical information available indicates that more than 8,000 private construction firms, with 206,000 employees, are operating more efficiently in the market environment. State-owned firms however, still control key building supplies and heavy equipment.

By the end of 1994, US\$12.4 million, or 4.3 percent of total foreign direct investment was invested in the construction industry. While close to 70 percent of the foreign investment in the construction industry belongs to firms from Switzerland and Cyprus, other major foreign construction firms are: Energopol (Poland), Maculan (Austria), Generation Ukraine (USA), and Scanska (Sweden).

However, new housing construction is still dominated by large state producers. In the last four years, 40 state enterprises produced close to 58 percent of the housing output in Ukraine. Overall, the industry employs over 130,000 people and while the total annual production capacity has been in the range of 16-17 million m², current output is less than 6 million m² and decreasing.

Materials

Ukraine is rich in clay (kaolin), limestone, granite, gypsum decorative stones, and glassy sands. Cement production is a major hard currency earner in the construction industry. The domestic building

materials industry is notorious for its outmoded technologies, and poor energy efficiency. Official estimates indicate that more than 39 percent of building materials producers are in need of modernization.

The slow progress of privatization has hindered the more dynamic development of the building products sector. Since Ukrainian independence in 1991, nearly 50 percent of the state-owned construction enterprises have gone bankrupt; and the production of construction materials dropped by 50 percent between 1990-93 and continues to decline. While prices for locally produced building materials have increased dramatically, their quality is poor at best. The local production of building materials for the period 1990-93 is presented in Table 7.

Table 7:
Local Production of Building Materials,
1990-93

Building Materials	1990	1992	1993
Cement (million t)	22.7	20.1	15.0
Prefabricated concrete (million m ³)	23.3	20.3	15.3
Gypsum (million t)	1.0	0.7	0.4
Bricks (billion)	10.5	8.9	7.9
Lime (million t)	8.7	7.5	5.9
Roofing tiles (million m ²)	11.2	6.4	4.8
Window glass (million m ³)	52.3	45.9	37.4
Mineral wadding (million m ³)	4.5	2.4	1.7

Source: Novikov and Flaae, 1996

Labour

Ukraine has a highly skilled and well-educated labour force. Under the national law, salaries must be paid every two weeks in hryvnya. Most companies set the salary in dollars or Deutschmarks, and then pay according to the exchange rate at the time. To avoid the 51 percent payroll tax, foreign companies often sign two

different contracts with their employees; one for taxation, the other for their own records.

Financing

A market-based housing financing system does not exist as reforms have taken a back seat in the restructuring of the housing sector. The major banks are still state-owned and Savings Bank accounts for over 95 percent of total housing credits. High interest rates, low incomes, high construction costs, and a preponderance of

short-term liabilities, make lending for housing unattractive. On the other hand, high interest rates have structurally paralyzed housing financing.

In the absence of a market-based housing financing system, households have been self-financing new construction on an instalment basis. Existing homes are typically purchased using a single cash payment. Without access to formal housing financing through financial intermediaries, the circle of housing investors is reduced considerably.

HOUSING MARKET ACTIVITY, NEED AND DEMAND

Local Housing Activities

The huge transfer of wealth that accompanied housing privatization has sparked the development of a private housing market. The number of transactions reached 25,000 (1 percent of the stock) in Kiev in 1994. In Kharkiv, 16,000 apartments were sold (3 percent of the stock), with most transactions financed by cash, mainly in U.S. currency. Table 8 shows house price dynamics in selected Ukrainian cities in 1996.

A diverse system of pricing has emerged reflecting location, quality, accessibility and level of services. This has resulted in the formation of distinct housing sub-markets in the urban structure. House prices in the inner city or prestigious areas of large urban centres are four to five times higher than the surrounding areas.

Factors Affecting the Demand for Housing

The population of Ukraine is experiencing modest growth that in addition to the relaxed residency

restrictions after independence from the Soviet Union may result in an increase in housing demand in the urban areas. Economic restructuring is likely to fuel the internal migration by people who have lost their jobs, although it is unclear whether this will push people towards or away from cities.

Income differentiation in post-communist societies has crucial implications for the housing market. The average gross nominal wage in December 1995 was close to US\$45, while real wages have been falling through 1996, due to higher inflation. Although home-ownership is perceived as a desirable and good investment in an inflationary context, very few (less than 5 percent of the households) will be able to enter the housing market in the foreseeable future.

A demand for high quality flats and single-family homes emanating from the new middle and upper class might be significant for the new owner-occupied market. Various income groups are also willing to invest in the upgrading of their existing housing, consequently spurring an increase in renovation activity.

Table 8:
House Price Dynamics in Selected Cities, March 1996

	Kharkiv	Kiev	Donets'k	Odesa	L'viv
Sale Prices of Apartments*					
1-room	5.3-9.6	10.0-19.0	3.5-8.6	9.0-20.0	3.5-5.0
2-room	7.7-14.0	16-33	9.1-16.5	13.0-23.0	9.0-23.0
3-room	11.5-21.0	23.0-49.0	13.6-28.0	16.0-55.0	10.0-18.0
Average price per m ² (US\$)	180-300	510	180-250	190-320	200-310
Rents per month in US\$					
1-room	30-70	40-150	30-60	40-120	25-40
2-room	50-100	300-500	60-80	200-350	60-150

* Sale prices are in thousand US\$.
Source: Durmanov, 1996

Low wages coupled with high housing costs and mortgage rates, have reduced housing demand for owner-occupied housing. Shortages of housing under the Soviet system have been replaced by shortages of affordable housing. To put things into perspective, four average monthly salaries are sufficient to buy approximately one m² of dwelling space in the urban centres. Another problem facing households is the operation and maintenance of the former public housing stock. Homeowners are struggling to raise money to pay for services in an environment in which people are not accustomed to paying.

The reduction of subsidies has led to price increases across the board, including a 67-percent increase in rents in 1995 alone. Despite the rent increases in public sector housing, the overall rent-to-income ratio is extremely low, in the range of 3 percent of the average household income, and covers only a fraction of the operation costs. As a result, maintenance and repair are delayed, leading to the further deterioration of the stock.

EXPORT OPPORTUNITIES AND STRATEGIES

Overview

Although progress in economic and political reform has been slow, Ukraine offers a number of opportunities for Canadian housing exporters. Ukraine is the fastest growing market in Central and Eastern Europe for Canadian housing products, worth \$2.28 million between 1993-95. The most dynamic growth has been in the export of prefabricated housing (878 percent), wood products (321 percent), and doors and windows (355 percent). Exports of those products constitute approximately two thirds of Canadian housing exports to the Ukrainian market.

Exports to Ukraine have increased by 315 percent. The overall increase in most product categories was in the range of 150-200 percent in the first months of 1996, compared to the same period in 1995. The Canadian involvement in the Ukrainian market is diverse and includes a range of product exporters, developers and service providers. More than 45 firms have been active in the Ukrainian market in the last three years. The existence of a large Canadian community of Ukrainian origin has enhanced Canada's commercial relations. A significant number of joint ventures have been registered and overall business activity has increased rapidly. Table 9 shows the value of Canadian building material exports to the Ukraine for the period 1993-95.

Export Opportunities

Exports to the residential sector of the Ukrainian market are quite diverse, with no country achieving a dominant position. Foreign competition is primarily from Germany, Italy, and the U.S. Canada's export ranking for building products in the market is low, and sales volumes are generally small. German, Spanish, Italian, Austrian and Greek suppliers of building materials have gained a strong foothold in the Ukrainian market. In addition, foreign contractors have carried out renovations of modern supermarkets, shops, housing and hotels.

Rehabilitation and Retrofitting

Rehabilitation of panel-type apartment buildings and the improvement in the energy efficiency of the existing housing stock is a significant opportunity. There is a large unsaturated market estimated at US\$10 billion, including 420 million m² of state-owned housing. The World Bank, in cooperation with the Ukrainian State Committee for Housing and Municipal Economy, finances a number of energy efficiency projects in Kiev, L'viv, Kharkiv and Odesa with a budget of US\$60 million. Canadian companies can benefit from these opportunities by exploring various technical and cost-recovery options.

Table 9:
Value of Canadian Building Material Exports, 1993-95

	Prefab. Buildings	Wood Products	Doors & Windows	HVAC	Roof, Floor and Wall Products	Finishes	Misc. Building Products	Total per year
1993	-	-	249	206,400	-	-	-	206,649
1994	40,000	81,500	182,917	62,059	28,623	7,500	-	402,599
1995	391,055	371,163	769,513	100,317	22,267	-	17,885	1,672,200
Category Rank	3	2	1	4	5	7	6	
Total per category	431,055	452,663	952,679	368,776	50,890	7,500	17,885	2,281,448

Source: Industry Canada's Strategis trade data on-line, 1996

New House Building

There is a significant demand for housing in Ukraine, estimated at approximately 240,000 units per year. Two areas of interest for Canadian builders are the following:

- **Provision of Luxury Housing:** A promising niche market for Canadian house builders exists in the provision of luxury and custom homes on the outskirts of Kiev, Kharkiv, Odesa and L'viv. The type of house most likely to succeed is a traditional masonry home with a few upgrades such as HVAC, a custom kitchen, and a security system. Volumes might range between 20-50 units per year, but profit margins might be higher than in Canada.
- **Construction of Condominiums:** Private house building in Kiev and the larger cities is focussed on luxury apartment buildings. Medium density developments with 80-100 m² apartments equipped with fine quality finishes may have positive acceptance. The construction of condominiums and townhouses is a significant opportunity with considerable risk, although this can be reduced by careful research into local land and housing markets.

Construction Technologies and Building Materials

- **Technologies:** The renovation industry needs efficient, modern production technologies to assist in the upgrading of residential and commercial properties. Equipment is also needed for the production of lower density housing forms.
- **Building Materials:** These markets offer steady and growing opportunities, although volumes may be small. The most promising sub-sectors are materials for light construction, and fine-quality finishes, such as plasterboard, wooden and laminated flooring, wooden baseboards, and vinyl sidings.

The growth in the renovation of commercial and mixed-use buildings creates excellent opportunities for Canadian building material exporters, especially those engaged in the

production of thermo-insulation and hermetic sealing materials.

- **Housing Components and Value-Added Products:** There is a significant opportunity for the exporter of wood products and components used in new housing construction, particularly plastic and wooden windows and doors. Air conditioning, heating equipment and alarm systems are also competitive in this market.

Investment in the Privatization of State-owned Building Material Production

In 1995, the privatization program in Ukraine included more than 8,000 state enterprises. The Ukrainian government intends to increase the share of private sector involvement and to encourage foreign investment in the construction industry. Companies on the privatization list will be sold through privatization certificates to employees and managers, as well as at auctions. The Western Enterprise Fund, an important source of financing, is capitalized at US\$150 million, and has targeted the Ukrainian building products industry for investment.

However, investment in privatized enterprises involves the potential risks of taking over companies with a huge technical infrastructure, human resources, and obsolete corporate structures. Despite these risks, considerable opportunities for joint ventures exist with the local building materials industry, especially with respect to good quality, low-cost raw materials and qualified labour.

Best Sales Prospects

Direct exports of competitively priced finished building products present the best opportunity for Canadian companies in the Ukrainian market. Prospects are good for the following products:

- wall and floor coverings;
- energy-efficient insulation;
- roofing tiles;
- automated alarm systems;
- decorative security window grating;
- plastic piping; and

- thermo-insulation and hermetic sealing materials.

Capital investment in re-equipping enterprises and the introduction of energy-efficient technologies are needed in the following areas:

- extraction of raw inputs (limestone, kaolin, granite, glassy sands, and so on);
- ore dressing; and
- packaging.

Export Strategies

The Ukrainian export market is promising. Strategically, the country is attractive as a gateway to larger regional markets. Ukraine offers significant opportunities and potential for Canadian housing exporters, although companies need to adopt a realistic attitude about success potential. High market development and entry costs might be expected and a long-term strategic view is necessary when pursuing opportunities. To succeed in the housing sector of the Ukraine, it is not enough to provide the best possible service or product at the best possible price. Several key issues need to be considered:

- The business environment is changing for the better. It creates great business opportunities with commensurate risks.

- Opportunities for Canadian housing exporters are mostly in selected niche markets.
- Exports of building materials and technologies represent the best opportunity in the short- and long-term.
- The rising costs of building materials are a major determinant for market entry in Ukraine. Products can be introduced quickly into the Ukrainian market but have to be competitively priced.
- The attitude towards Canadian imports is positive.
- There is little transparency in the business, legal and regulatory environments.
- Detailed strengths, weaknesses, opportunities and threats analysis is recommended as part of the strategic planning process.
- Individual businesses are well advised to choose a low-risk-return strategy.
- Working with a local partner or establishing a joint venture is highly recommended in order to maximize the position of the business in the marketplace.
- Business related risks for exporters are associated with potential credit risks, insolvency or bankruptcy.

BUSINESS ENVIRONMENT

Overview

Since its independence, Ukraine has had to grapple with basic nation-building issues. Seven decades of Moscow-centred Soviet top-down management did nothing to prepare Ukraine for self-government or economic self-management. On the contrary, Ukraine emerged as a truncated nation-state lacking the basic institutions and structures required to govern. Ukraine currently is struggling to develop its legal, financial, banking, tax, monetary, customs, and other national systems. The country is also working to restructure its formerly Moscow-centred transportation, distribution, communication, postal, energy, education, and other systems and to make them Ukrainian-based.

Seventy-five years of Moscow-based central planning served to deeply integrate Ukraine's economy into the former Soviet Union and did little to prepare Ukraine for its new found independence. Ukraine is an absolutely new market for the vast majority of exporters and foreign investors, despite its size and tremendous long-term potential. Furthermore, it is a market that is making a major transition from a dysfunctional command economy to a market economy. With a population of 52 million people and virtually every sector of the economy in need of restructuring and reform, the opportunities and risks facing prospective exporters and investors are formidable.

Medium and small-sized companies are likely to have the same chances for success or failure in this emerging market as any huge conglomerate or multinational. Commitment, understanding, perseverance and a strong network of personal relationships often make the difference between a business success and failure.

The commercial climate in Ukraine holds more than its share of problems and uncertainties and, therefore, requires a pioneering spirit on the part of Western business representatives who are living and working in Ukraine. Another problem confronted by Western businesses in Ukraine is the country's undeveloped banking system, which is

fundamentally unable to provide basic banking services.

The currency used in Ukraine is the hryvnya. This is the only payment medium that is allowed. Non-residents may open foreign currency and domestic accounts in Ukrainian banks. Currency may be imported and exchanged in accordance with the National Bank of Ukraine procedures. Transactions between Ukrainian legal entities must only be made in hryvnya. The exchange rate as of November 1996 was 1.77 hryvnya:1US\$.

Anyone can enter the Republic of Ukraine with the possession of a valid passport and an entry or transit visa. Visas can be obtained from Ukrainian embassies or consulates.

Business Customs

The Ukrainian business day is 8 hours, usually from 8.30 a.m. to 4:30 p.m., while the business week is Monday to Friday. Ukrainian is the official language, but English, Russian and German are also spoken.

The Ukrainian government recognizes the following statutory holidays:

**Table 10:
Holidays**

January 1	New Year's Day
January 6-7	Christmas
March/April (variable)	Easter
May 1	Labour Day
May 9	Victory Day
August 24	Independence Day

Business Infrastructure

Ukraine has a well-developed road network including 273,700 km of highways. However, the railroad network needs considerable improvement. There is a water transport system on the Dnipro and Prypyat Rivers. In addition, the country has 706 airports.

Truck transport is the most efficient mode of transportation, although costs might be high. Long

border delays, harsh winter conditions, and scarcity of spare parts are other disadvantages. The four major road crossing points to Europe are: Yagotin, Mostiska, Chop and Uzhorod. The most reliable way to send cargo to Ukraine is by sea. The country has 18 marine ports: Odesa, Reni and Ilichivik which handle most of the international shipments.

Distribution and Sales Channels

The marketing of building products and services in Ukraine is inhibited by the lack of a developed network of large distributors and wholesalers. Distribution channels are being established, and the most common means of accessing them is through a local partner or by exporting through a consolidator. The Canadian Embassy in Kiev offers information to companies, and can help with identifying interested agents, partners and distributors.

As a result of liberalization in 1990, the prices of over 60 percent of production and consumption goods are now regulated by demand and supply. Still, the government controls prices of selected products, mainly fuel, food, and some services. Prices of building products and housing are set and negotiated freely by companies. Products in the Ukrainian market need to be introduced on a small scale. As in other markets, sales are price sensitive, although the high quality and good reputation of Canadian building materials and products are assets.

Finding a Partner

Most business representatives will agree that choosing and developing the right business partner is probably the single most important decision to be made when engaging potential Ukrainian business associates. A good partner's word and commitment is always more valuable than the paper it is written on, all the more so in the absence of a strong, transparent Ukrainian commercial code. The absence of Western business practices and a standard set of ethics makes Ukraine a difficult commercial environment for the uninitiated to work in and the selection of a reliable partner all the more important. To avoid problems, it is extremely important for the Western partner to understand

the cultural differences and expectations of the Ukrainian partner.

Establishing an Office

Kiev has 10,000 m² of high quality office space, which is insufficient to meet demand. Rents for western standard office space are \$55-70 per m² per month. Unrenovated space is cheaper, averaging \$25-40 per m². Leasing and buying can be difficult. Clear title is hard to obtain, as most of the property is still state or municipally-owned. Furthermore, the law on transferring state property to private ownership is rather vague. Real estate deals in the private sector are frequently subject to fraud. Foreigners need to use a local real estate agent and lawyer when signing a rental contract with the landlord.

The Ukrainian Law on Business Associations (the Corporations Law) provides for five corporate forms of legal entities: joint stock companies (both open and closed) (JSC), limited liability companies (LLC), and three forms of additional liability companies. Most business entities in Ukraine are established as JSCs or LLCs.

An open JSC is established through a public offering and subscription of shares, while a closed JSC's shares are distributed privately among the founding shareholders. Minimum capitalization for registration of a JSC is approximately US\$10,700. There are two levels of taxation in the case of an LLC: the LLC is taxed on its profits and the interest holders are then taxed when dividends are distributed. The minimum capitalization for registration of an LLC is approximately US\$5,350.

Joint ventures in Ukraine are generally created in the form of a JSC or an LLC. Ukrainian legislation also permits a foreign investor to invest in Ukraine without creating a legal entity by entering into a joint production or joint cooperation agreement with a Ukrainian legal entity.

Advertising

All forms of conventional advertising are used in Ukraine including press, radio, television, outdoor advertising and other printed forms. Ukraine's nation-wide television is dominated by Moscow, reaching about 70 percent of the population. Advertisers need to broadcast on a mix of regional

and national TV to guarantee nation-wide coverage. Rates are comparatively low. A 30-second commercial on prime-time television ranges between US\$900-2,000. Running a TV campaign might cost US\$30,000. Radio stations are regional only, and are therefore not an efficient advertising media. The Press is reported to be of poor quality and as a result, should not replace efficient marketing. Leading newspapers are Holos Ukrainy, Biznes and Finansova.

Protecting Your Intellectual Property

The current law on Standardization stipulates several sets of standards applicable in Ukraine. State standards are mandatory and foreign suppliers have to meet those requirements.

The membership of Ukraine in the World Intellectual Property Organization is currently under negotiation. The country is making considerable efforts to modernize its legislation in the field of intellectual property rights, particularly with respect to patent and copyrights. Reportedly, there are frequent violations of intellectual property rights at the moment.

Regulatory Issues

Investment: Ukraine has made significant steps towards attracting foreign investment, which is protected by law including: stocks and shares in trading companies; rights of ownership in enterprises; and treasury bills and other securities. In addition, the new law, "On the Regime of Foreign Investment", introduced in April 1996, provides extensive guarantees in the event Ukrainian foreign legislation changes. These guarantees remain valid for a period of 10 years from the date the legislation is modified. In order to encourage investment and to assist foreign investors, the Ukrainian government recently established the State Credit and Investment Company, and the Agency for Technical Assistance Coordination. Despite these radical changes, the attitude towards foreign involvement is not positive. There has been a lack of sufficient government support and lack of transparency in dealing with investors. Experts have identified the following barriers to foreign investment:

- lack of consistency in the implementation of the legal framework;

- excessive bureaucracy;
- lack of fiscal incentives;
- political instability;
- high corporate taxes and employers' contributions;
- high crime level; and
- poor communication and infrastructure.

Taxation: The taxation of foreign investors in Ukraine is in principle on an equal footing with local investors. In a recent reform of the tax system, the government abolished five-year tax holidays and exemptions for foreign investors. It is believed that the repressive tax code diminishes the net gains made in Ukraine. The following tax rates apply: corporate profit tax (30 percent); personal income tax (8-40 percent); receivables by non-residents from dividends (15 percent); social security contributions by employers (38 percent); and value-added tax (20 percent). In March 1996, a Convention between Ukraine and Canada was signed for the avoidance of double taxation and for the prevention of fiscal evasion. This reduced the basic rate of withholding tax on interest and dividends to 15 percent.

Repatriation of Profits and Capital: The Law stipulates full protection of foreign investment. It guarantees that foreign capital may not be nationalized under any conditions. It also guarantees foreign investors the right to remit without impediment their revenues and to receive reimbursement of losses (including lost profits and moral damage) caused by the improper action or inaction of state bodies.

Real Estate: According to the 1991 Law on Ownership and the Law on Forms of Land Ownership, foreigners may own buildings and lease land for a period of up to 50 years. The ownership of natural resources is regulated.

Exporting: The significant liberalization of the Ukrainian foreign trade regime since 1992 has been accompanied by the elimination of the government monopoly over foreign trade, and foreign exchange regulations. Import licences are aligned with UN requirements for key trade documents, and terms of delivery, payments, required documents, registration and licensing, correspond to UN standards. There are no quotas on housing-related imports.

Customs Duties: The customs tariff is frequently adjusted to respond to the changing export and import conditions. The average rate of duties for housing and building products is between 10-80 percent. Minimum rates apply for the import of raw and prime materials, while the rates for finished products are much higher. Duty is to be paid by all importers within 30 days, and is to be included in the prices of imported goods. Customs declaration is equivalent to the European Union Single Administrative Document. There are no additional charges for customs processing.

EDC Financial Risk Assessment

The Export Development Corporation (EDC) helps Canadian companies compete in world markets through the provision of financial and risk management services. These include export credit insurance, financing to foreign buyers of Canadian goods and services, and guarantees.

The following information was obtained from the EDC Country Risks and Opportunities book (fall, 1996).

These issues should be taken into consideration when assessing financial risk in Ukraine.

- In October 1994, Ukraine embarked on a program of economic reforms that saw the unification of the exchange rate, the removal of many restrictions on payments and transfers for current international transactions, the abolition of price controls, and the increase of interest rates to a positive level in real terms. However, serious delays and slippage occurred, resulting in the program becoming inoperative.
- In May 1996 the authorities implemented a successor International Monetary Fund (IMF) Stand-By Arrangement (SBA) of nine months' duration, to February 1997. The program provides SDR598 million (US\$860 million) in loans, in addition to unblocking credits from other agencies like the EBRD and EIB. Specific benchmarks laid down by the International Monetary Fund include: limiting the consolidated budget deficit to 3.5 percent of GDP; reducing inflation to a monthly rate of 1 to 2 percent per month by year-end, producing an annualized rate of 42 percent; while reducing the current account deficit to 3.2 percent of GDP.
- Judging by Ukraine's performance under previous IMF programs, there is substantial chance for this program to become inoperative as a result of non-compliance with program goals. Nevertheless, a number of prior actions taken by the Ukrainian government including *inter alia*, the clearing of all external payment arrears, and a pickup in the privatization program, indicate that the authorities are serious about tackling the country's economic ills.
- Even so, under the circumstances, political uncertainty about the reform program will persist and so will doubts about the government's long-term determination to toe the IMF line and put some pep into the privatization drive.
- Exports in 1996 are expected to perform strongly following the recent liberalization measures implemented by the Government. Nevertheless the merchandise trade balance is expected to deteriorate as a result of the increased price of natural gas from Russia. (Ukraine is the world's largest natural gas importer.) Moreover, the country's external balance is expected to remain weak until at least the turn of the century, and remain reliant on exceptional financing, beyond the year 2000.
- A new currency—the hryvna—has been introduced to replace the temporary coupon, or karbovanet. One hryvnya is worth 100,000 karbovanet. The new exchange rate is 1.76 to the dollar, unchanged from the karbovanet rate of 176,000 to the dollar.

The overall collection experience in the Ukraine is poor. Very secure trading terms are the norm. In regards to credit and financial issues, extreme caution is recommended.

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Alberta <i>* Edmonton office is also responsible for Northwest Territories</i>	International Trade Centre Canada Place 9700 Jasper Avenue Room 540 Edmonton, AB T5J 4C3	Tel.: (403) 495-2944 Fax: (403) 495-4507
	510-5th Street S.W. Suite 1100 Calgary, AB T2P 3S2	Tel.: (403) 292-4575 Fax: (403) 292-4578
British Columbia <i>*Vancouver office is also responsible for the Yukon</i>	International Trade Centre 300 West Georgia Street Suite 2000 Vancouver, BC V6B 6E1	Tel.: (604) 666-0434 Fax: (604) 666-0954

Export Development Corporation (EDC)

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Vancouver	One Bentall Centre 505 Burrard Street Suite 1030 Vancouver, BC V7X 1M5	Tel.: (604) 666-6234 Fax: (604) 666-7550
Calgary	510-5th Street S.W. Suite 1030 Calgary, AB T2P 3S2	Tel.: (403) 292-6898 Fax: (403) 292-6902
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Toronto	National Bank Building 150 York Street Suite 810 P.O. Box 810 Toronto, ON M5H 3S5	Tel.: (416) 973-6211 Fax: (416) 862-1267
London	Talbot Centre 148 Fullarton Street Suite 1512 London, ON N6A 5P3	Tel.: (519) 645-5828 Fax: (519) 645-5580
Montreal	Tour de la Bourse 800 Victoria Square Suite 4520 P.O. Box 124 Montreal, PQ H4Z 1C3	Tel.: (514) 283-3013 Fax: (514) 878-9891
Halifax	Purdy's Wharf, Tower 2 1969 Upper Water Street Suite 1410 Halifax, NS B3J 3R7	Tel.: (902) 429-0426 Fax: (902) 423-0881

Multilateral Organizations

World Bank	Washington, D.C. 20433 U.S.A.	Tel.: (202) 477-1234 Fax: (202) 477-6391
Office for Liaison with International Financial Institutions	Canadian Embassy 501 Pennsylvania Avenue N.W. Washington, D.C. 20001	Tel.: (202) 682-7719 Fax: (202) 682-7726

Business and Professional Organizations in Canada

Alliance of Manufacturers and Exporters Canada	99 Bank Street, Suite 250 Ottawa, ON K1P 6B9	Tel.: (613) 238-8888 Fax: (613) 563-9218
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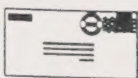
Ukrainian Government Offices in Canada

Embassy of Ukraine	310 Somerset St. W. Ottawa, ON K2P 0J9	Tel./Fax: (613) 236-7260 (Trade Mission) Tel.: (613) 230-2961 (general enquiries) Fax: (613) 230-2400
Consulate General of Ukraine in Toronto	2120 Bloor St. W. Toronto, ON M6S 1M8	Tel.: (416) 763-2082 Fax: (416) 763-2323

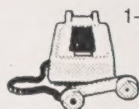
Ukrainian Institutional Support for Housing Importers

Chamber of Commerce of Ukraine	33 Velika Zhytomyrska St. Kiev-25, Ukraine 252655	Tel.: (011-380-44) 212-2911 / 212-2818 Fax: (011-380-44) 212-3353
Ukrainian State Company for Credits and Investments	73, Artema Street Kyiv, Ukraine 254054	Tel.: (011-380-44) 244 70 50 Fax: (011-380-44) 244 70 50 E-mail: mail@dinvest.kiev.ua
State Committee of Construction and Architecture	The City of Kiev 26 Lesia Ukrainka Blvd. 252133 Kiev, Ukraine	Tel.: (011-380-44) 295-4586 / 226-2696
Yuriy Pessotsky Chief Architect of Kiev	32 Khreshchatyk Street Kiev 252001, Ukraine	Tel.: (011-380-44) 221-2545
The State Committee on Town Planning and Architecture	Licensing Department 26 Lesi Ukrainki Blvd. Kiev 252133, Ukraine	Tel.: (011-380-44) 295-3483 / 294-8672
Central Institute of Building Constructions	Kliomenko Street. No 5/2 Kiev, Ukraine	Tel.: (011-380-44) 276-22-65
Institute of Construction Production	Krasnozveznyi Prospect No 51 Kiev, Ukraine	Tel.: (011-380-44) 276-23-85
State Construction Corporation	7 m. Kotsubinskoho Street Kiev 242030, Ukraine	
Institute of Architectural Theory and Town Construction	Boishoi Zhytomyr Street No 9 Kiev, Ukraine	Tel.: (011-380-44) 225-70-79
Kiev University of Construction and Architecture	Vozdukhaflotskyi Prospect No 31 Kiev, Ukraine	Tel.: (011-380-44) 276-53-30

HOUSING EXPORT OPPORTUNITIES SERIES ORDER FORM



CMHC
P.O. Box 35005
Stn BRM B
Toronto, ON
M7Y 6E5



1-800-668-2642
Outside Canada call
1-613-748-2003



FAX TO
1-800-245-9274
Outside Canada
1-613-748-2016

Charge to VISA, American Express or MasterCard.

To avoid double billing, please do not send confirmation.

VISA, American Express, and MasterCard.

To avoid double billing, please do not send confirmation. A fax will be treated as an original order.

METHOD OF PAYMENT

Check only one (individuals must prepay all orders.)

☐ Please charge my

VISA ☐ American Express ☐ MasterCard ☐

Card Number

Expiry Date

Signature

☐ Payment enclosed \$ _____

Please make cheque or money order payable to CMHC

Please Print

Name

Company or Organization Position Title

Address

City Province/State/Country Postal/Zip Code

Telephone Number () Fax Number ()

To Complete See Example on Reverse Side		1	2	3	4	5
ORDER NUMBER	REPORT TITLE	QTY	ITEM AMOUNT \$	TOTAL \$ AMOUNT 1 x 2	SHIPPING POINTS	TOTAL SHIPPING POINTS 1 x 4
	Please be sure the order number and report title match the listing				3	
					3	
					3	
					3	
					3	
					3	
					3	
					3	
					3	
					3	
					3	

SOURCE (How did you hear about the product?) TV AD <input type="checkbox"/> <input type="checkbox"/> CATALOGUE NEWSPAPER <input type="checkbox"/> <input type="checkbox"/> FLYER/BROCHURE MAGAZINE <input type="checkbox"/> <input type="checkbox"/> OTHER	Subtotal Column 3		A	Subtotal Column 5 Refer to Shipping and Handling Charges on the back of this form for the shipping and handling amount. SEE EXAMPLE ON REVERSE
	SHIPPING CHOICE Regular Mail <input type="checkbox"/> Courier <input type="checkbox"/>		B	
	ADD Shipping & Handling		C	
U.S. AND INTERNATIONAL ORDERS Please pay subtotal C in U.S. Funds (do not add GST or PST)	Subtotal (Add A + B)		D	
	ADD GST (7% of subtotal C)		E	
	Subtotal (Add C + D)		F	
	Quebec residents add PST (6.5% of Subtotal E)		G	
		Total (Add E + F)		

Shipping and Handling Charges

Points	Canada Regular Rates	Canada Courier Rates	U.S. Regular Air Rates	U.S. Courier Rates	International Regular Air Rates	International Courier Rates	Europe Courier Rates
1	2.55	5.00	5.00	11.00	7.00	24.00	19.00
2	3.65	8.00	6.50	14.00	9.00	30.00	25.00
3 to 5	5.80	11.07	8.11	30.75	12.18	63.75	47.75
6 to 10	6.18	11.07	12.46	34.75	20.61	88.75	55.75
11 to 20	6.43	12.35	18.08	42.75	38.77	118.75	71.75
21 to 40	6.94	14.90	23.81	58.75	64.65	193.75	103.75
41 to 60	7.44	17.62	29.48	74.75	68.12	253.75	129.75
61 to 80	7.95	20.51	35.15	90.75	117.36	313.75	149.75
81 to 100	8.45	23.35	40.92	106.75	146.60	373.75	169.75
101 to 120	8.96	26.20	46.59	120.75	166.71	433.75	189.75
121 to 140	9.46	29.05	52.31	134.75	184.72	493.75	209.75
141 to 160	9.97	31.90	58.00	148.75	207.45	553.75	229.75
161 to 180	10.47	34.75	63.71	162.75	228.92	613.75	249.75
181 to 200	10.98	35.60	69.38	176.75	250.29	658.75	269.75
201 to 220	11.48	40.45	75.05	190.75	N/A	718.75	289.75
221 to 240	11.99	43.30	80.72	204.75	N/A	778.75	309.75
241 to 260	12.49	46.15	86.49	218.75	N/A	838.75	329.75
261 to 280	13.00	49.00	92.21	232.75	N/A	901.75	349.75
281 to 300	13.50	51.85	97.88	246.75	N/A	958.75	369.75
Estimated Delivery times	2-3 weeks	5-10 days	2-3 weeks	5-10 days	4-8 weeks	12 days	12 days

Prices Subject to Change

CMHC Return Policy

We will replace damaged materials and correct shipping errors if we are notified within thirty days after you receive your shipment. If an item is not defective or not mistakenly shipped, then it must be returned by you at your cost within thirty days of receipt. It must arrive here in resaleable condition for you to receive credit.

International Note: Most international return shipments arrive damaged. If you received damaged items, contact CMHC at (613) 748-2969. Please do NOT return the damaged items unless we ask.

Example: To complete order form and determine shipping and handling charges

ORDER NUMBER	REPORT TITLE <small>Please be sure the order number and report title match the listing</small>	1 QTY	2 ITEM AMOUNT \$	3 TOTAL AMOUNT 1 x 2	4 SHIPPING POINTS	5 TOTAL SHIPPING POINTS 1 x 4
NHA 8003	Brazil	1	35.-	35.-	3	3
NHA 8009	Western Europe	2	23.-	46.-	3	6
					3	
					3	
SOURCE <small>(How did you hear about the product?)</small>		Subtotal Column 3 A 81.-			Subtotal Column 5 9	
TV AD <input type="checkbox"/> CATALOGUE <input type="checkbox"/> NEWSPAPER <input type="checkbox"/> FLYER/BROCHURE <input type="checkbox"/> MAGAZINE <input type="checkbox"/> OTHER <input type="checkbox"/>		SHIPPING CHOICE Regular Mail <input checked="" type="checkbox"/> Courier <input type="checkbox"/> ADD Shipping & Handling B 6.18			Refer to Shipping and Handling Charges on the back of this form for the shipping and handling amount.	
		Subtotal (Add A + B) C 87.18				
U.S. AND INTERNATIONAL ORDERS <small>Please pay subtotal C in U.S. Funds (do not add GST or PST)</small>		Registration #100756428 ADD GST (7% of subtotal C) D 6.10				
		Subtotal (Add C + D) E 93.28				
		Quebec residents add PST (6.5% of Subtotal E) F -				
		Total (Add E + F) G 93.28				

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